



INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2023



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Zimi Limited

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Australia

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Shareholder information and enquiries

All enquiries and correspondence regarding shareholdings should be directed to Zimi Limited's share registry provider:

Automatic Share Registry Services
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Email: hello@automicgroup.com.au

Stock Exchange Listing

Zimi Limited shares are listed on the Australian Securities Exchange, code ZMM.



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FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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DIRECTORS' REPORT

INTRODUCTION

The Directors present their report on the consolidated entity (referred to hereafter as "the Group") consisting of Zimi Limited ("Zimi" or "the Company") and its controlled entities for the half-year ended 31 December 2023.

This Directors' Report has been prepared in accordance with the requirements of the *Corporations Act 2001*.

BOARD OF DIRECTORS

The names of the Directors of Zimi Limited during the half-year period and up to the date of this report are:

Name	Position
Simon Gerard	Chair of the Board and Non-Executive Director
Jordan Tentori	Executive Director and Chief Executive Officer (CEO)
Simon Beissel	Non-Executive Director
Peter Rossteutscher	Non-Executive Director (resigned effective 7 August 2023)

PRINCIPAL ACTIVITIES

Zimi is an innovative Australian technology company that creates 'the Zimi experience' by connecting everyday electrical products to the Internet and each other to create smarter living and working spaces.

The principal activities of the Group during the period were research and development within the Internet of Things (IoT) market, the assessment of new investment opportunities, product commercialisation and sale of electrical devices including switches, power points, garage door controllers and smoke alarms. There has been no significant change in the nature of these activities during this period.

REVIEW AND RESULTS OF OPERATIONS

KEY ACHIEVEMENTS

The 31 December 2023 half year has been a milestone period for Zimi. After experiencing delays due to significant supply chain and production challenges over the last two years, we have finally recommenced the sale of our Powermesh products and brought our highly anticipated Senoa range to market. This is reflected in our sales revenue result for the half year period of \$2,410,035 (31 December 2022: \$104,590). Our products have been well received by our customers and our production pipeline is well established to meet future customer orders.

Our team has also continued to focus on research and development activities to both expand and improve our product suite to integrate lifestyle & convenience, safety & security and energy management – the fundamental principles to our vision of a connected world. We continue to see significant growth in market opportunities in Australia and globally for smart space devices. Our Engineering and Design teams are hard at work on a number of innovative development projects which will allow us to remain at the forefront of the ever growing market. We are particularly excited over the impending launch of our “Zimi Smoke Connect” product which offers increased safety features including automated phone alerts to users.

Important milestones achieved during the half-year period include:

- Revenue of \$2,410,035 generated from the sale of product and related services. Over 21,000 devices were delivered to our customers. We continue to focus our sales and marketing efforts to strengthen our relationships with our distribution partners and our end users.
- Launch of our full Senoa product suite to our customers.
- Appointment of two new distribution partners, Smoke Alarms Australia Pty Ltd and Lighting Illusions.
- Significant growth in device pairings on the Zimi Cloud reflecting end user adoption, with total pairings jumping to 38,265 as at 31 December 2023 (an increase of just over 10,000 devices from 30 June 2023).
- Secured our first customer order for our new incoming Smoke Connect product.
- Continued to invest engineering efforts into research and development activities to expand our product offerings and offer technological advancements to our existing product ranges.
- Finalised the entitlement offer and shortfall placement which raised \$1,108,000 in total (\$212,200 received during the half-year period) to fund our operating activities and ongoing investment into research and development activities.

OPERATING RESULTS

During the half-year ended 31 December 2023, the Group recognised revenue of \$2,410,035 (31 December 2022: \$104,590), reflecting our recommencement of mass production and product delivery to our customers. This revenue result represents the sale of over 21,000 devices which is a significant increase from the prior period's results.

For the half-year period ended 31 December 2023, the Group recorded a loss of \$2,225,040 (31 December 2022: \$3,247,131). Included in the loss was depreciation and amortisation of \$1,108,850 (31 December 2022: \$1,427,704) which related to the depreciation of property, plant and equipment and amortisation of various classes of intangible assets including identifiable intangibles recognised on the acquisition of Zimi Innovations Pty Ltd i.e. capitalised development costs and sales channel assets. This loss is not unexpected and reflects our continuing investment into research and development activities and planned entry into new markets, including the smoke detector market in Australia.

The Group's employee benefits expense primarily represents amounts incurred for engineering staff, design staff, support staff and executive management. Administrative and corporate costs were reduced from the previous half-year period as the Group continues to prioritise cost control and operating efficiencies.

The Group reported a loss before interest, tax, depreciation and amortisation (EBITDA) of \$1,086,528 (31 December 2022: \$1,795,215). EBITDA is a non-IFRS financial measure used by management and the Directors to assess the financial performance of the Group. The Directors believe that this non-IFRS measure assists in providing additional meaningful information for stakeholders and provides them with the ability to compare against prior periods in a consistent manner. EBITDA is extracted from the reviewed financial statements.

CAPITAL MANAGEMENT AND CORPORATE UPDATE

Zimi launched a capital raise in May 2023 to raise up to \$1,780,000 through a 1 for 2 non-renounceable entitlement offer to our shareholders. A Shortfall Placement was also offered to new investors aligned to Zimi's growth strategy and capable of continuing to support the business into the future. The offer was closed on 2 September 2023 with a total of \$1,108,000 raised (of which \$212,200 was received during the half-year period) in both the entitlement offer and shortfall placement proceeds. A free attaching option was issued with every new share subscribed for under the offer.

There were a number of additional ordinary share, option and performance right issuances, exercises and lapses during the six month period which are outlined in detail further in this Interim Financial Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the period not otherwise disclosed in this Interim Financial Report.

DIVIDENDS

No dividends have been paid or declared since the start of the financial period and the Directors do not recommend the payment of an interim dividend for the half-year ended 31 December 2023.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 17 January 2024, 1,658,337 ordinary shares were issued to employees and a Director upon the conversion of performance rights as the required performance condition was satisfied (i.e. number of paired devices with the Zimi Cloud exceeded 37,500).

Other than the above, there have not been any matters or circumstances that have arisen after balance date that have significantly affected or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

ROUNDING OFF OF AMOUNTS

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with this Instrument, amounts in this Directors' Report are rounded off to the nearest dollar, unless otherwise indicated.

This Directors' Report is signed in accordance with the resolution of the Board of Directors.

On behalf of the Directors



Jordan Tentori
Executive Director and CEO

23 February 2024

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Zimi Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
23 February 2024



L Di Giallonardo
Partner

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INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

FINANCIAL REPORT

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This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by Zimi Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Zimi Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office is Level 1, 2A / 300 Fitzgerald Street, North Perth WA 6006.

All press releases, financial reports and other information are available at our Investor Centre on our website:
<https://zimi.life/investor>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	Notes	31 Dec 2023 \$	31 Dec 2022 \$
Revenue	B2	2,410,035	104,590
Cost of sales		(1,968,743)	(146,648)
Gross profit/(loss)		441,292	(42,058)
Other income	B3	15,921	78,805
Other net gains	B5	82,580	29,585
Expenses			
Administrative and corporate		(310,227)	(401,158)
Employee benefits		(1,178,617)	(1,293,948)
Occupancy		(38,719)	(34,234)
Advertising and marketing		(52,791)	(97,002)
Travel		(45,967)	(35,205)
Depreciation and amortisation	B6	(1,108,850)	(1,427,704)
Total expenses		(2,735,171)	(3,289,251)
Operating loss before interest and income tax		(2,195,378)	(3,222,919)
Net finance costs		(29,662)	(24,212)
Loss before income tax		(2,225,040)	(3,247,131)
Income tax benefit		-	-
Loss after income tax		(2,225,040)	(3,247,131)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Changes in fair value of cash flow hedges		-	(22,176)
Other comprehensive loss for the year, net of tax		-	(22,176)
Total comprehensive loss for the period		(2,225,040)	(3,269,307)

	Notes	31 Dec 2023 cents	31 Dec 2022 cents
Loss per share			
Basic loss per share	B4	(1.9)	(4.1)
Diluted loss per share	B4	(1.9)	(4.1)

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	31 Dec 2023 \$	30 Jun 2023 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,033,961	980,126
Trade and other receivables	C1	279,860	1,013,111
Inventories	C2	581,887	173,763
Other assets	C3	234,576	685,323
Total current assets		2,130,284	2,852,323
Non-current assets			
Property, plant and equipment	C4	275,354	309,784
Intangible assets	C5	1,340,132	2,291,939
Right-of-use assets	C6	189,139	229,899
Total non-current assets		1,804,625	2,831,622
Total assets		3,934,909	5,683,945
LIABILITIES			
Current liabilities			
Trade and other payables	C7	(1,044,853)	(494,832)
Provisions		(112,272)	(89,178)
Lease liabilities		(52,746)	(65,857)
Unearned revenue and customer deposits		(128,592)	(153,033)
Borrowings		-	(431,217)
Total current liabilities		(1,338,463)	(1,234,117)
Non-current liabilities			
Lease liabilities		(139,473)	(166,112)
Total non-current liabilities		(139,473)	(166,112)
Total liabilities		(1,477,936)	(1,400,229)
Net assets		2,456,973	4,283,716
EQUITY			
Contributed equity	D1	52,030,243	51,352,650
Other reserves	D2	287,593	908,038
Accumulated losses		(49,860,863)	(47,976,972)
Total equity		2,456,973	4,283,716

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

	Contributed equity		Other reserves \$	Accumulated losses \$	Total equity \$
	Issued capital \$	Unissued capital \$			
Balance at 1 July 2022	48,712,769	-	846,348	(42,607,227)	6,951,890
Loss for the period	-	-	-	(3,247,131)	(3,247,131)
Other comprehensive loss	-	-	(22,176)	-	(22,176)
Total comprehensive loss for the period	-	-	(22,176)	(3,247,131)	(3,269,307)
Other equity transactions					
Shares issued as part of capital raising	1,535,000	-	-	-	1,535,000
Transaction costs related to shares issued	(64,100)	-	-	-	(64,100)
Options issued as part of capital raising	(60,231)	-	60,231	-	-
Share issuance for vendor services	60,000	-	-	-	60,000
Director and employee ordinary shares	203,600	-	-	-	203,600
Options converted to ordinary shares	135,012	-	(134,337)	-	675
Director and employee performance rights	-	-	57,719	-	57,719
Total other equity transactions	1,809,281	-	(16,387)	-	1,792,894
Balance at 31 December 2022	50,522,050	-	807,785	(45,854,358)	5,475,477

	Contributed equity		Other reserves \$	Accumulated losses \$	Total equity \$
	Issued capital \$	Unissued capital \$			
Balance at 1 July 2023	51,352,650	-	908,038	(47,976,972)	4,283,716
Loss for the period	-	-	-	(2,225,040)	(2,225,040)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(2,225,040)	(2,225,040)
Other equity transactions					
Shares issued as part of capital raising	211,091	-	-	-	211,091
Transaction costs related to shares issued	(18,247)	-	-	-	(18,247)
Director and employee ordinary shares	107,500	-	-	-	107,500
Options converted to ordinary shares	273,024	-	(271,659)	-	1,365
Director and employee performance shares/rights	-	-	96,588	-	96,588
Shares to be issued in relation to satisfaction of performance right conditions	-	104,225	(104,225)	-	-
Options lapsed and transferred to accumulated losses	-	-	(341,149)	341,149	-
Total other equity transactions	573,368	104,225	(620,445)	341,149	398,297
Balance at 31 December 2023	51,926,018	104,225	287,593	(49,860,863)	2,456,973

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2023

	Notes	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,487,082	308,385
Payments to suppliers and employees (inclusive of GST)		(2,726,215)	(2,180,169)
Receipts from government grants		746,872	869,405
Receipts from interest income		3,305	3,817
Payments for interest and other finance costs		(41,649)	(35,865)
Net cash inflows/(outflows) from operating activities		469,395	(1,034,427)
Cash flows from investing activities			
Payments for property, plant and equipment		(65,064)	(20,825)
Payments for intangible assets		(38,580)	(37,661)
Net cash outflows from investing activities		(103,644)	(58,486)
Cash flows from financing activities			
Principal elements of lease payments		(39,750)	(43,271)
Repayment of borrowings		(431,217)	(490,000)
Proceeds from issuance of shares	D1	201,365	1,185,675
Payments for transaction costs related to issuance of securities		(28,691)	(64,100)
Net cash inflows/(outflows) from financing activities		(298,293)	588,304
Net increase / (decrease) in cash and cash equivalents		67,458	(504,609)
Cash and cash equivalents, at the beginning of the period		980,126	1,664,307
Effects of exchange changes on the balances held in foreign currencies		(13,623)	(7,597)
Cash and cash equivalents, at the end of the period		1,033,961	1,152,101

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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A BASIS OF PREPARATION

A1 BASIS OF PREPARATION

Zimi Limited is a listed for-profit public Company incorporated and domiciled in Australia. This Condensed Consolidated Interim Financial Report for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Board of Directors on 23 February 2024. This Condensed Consolidated Interim Financial Report is a general-purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This report should be read in conjunction with the Group's last Annual Report as at and for the year ended 30 June 2023. This report does not include all of the information required for a complete set of financial statements prepared in accordance with accounting standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial report.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. The Condensed Consolidated Interim Financial Report has been prepared on the historical cost basis except for derivative financial instruments which have been measured at fair value. This Condensed Consolidated Interim Financial Report is presented in Australian currency and amounts have been rounded to the nearest dollar unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

A2 GOING CONCERN

The Condensed Consolidated Interim Financial Report has been prepared on a going concern basis, which assumes that the Group will be able to meet its debts as and when they become due and payable. Notwithstanding that the Group incurred an operating loss of \$2,225,040 for the half year ended 31 December 2023, the Directors are of the opinion that the Group is a going concern for the following reasons:

- As at 31 December 2023, the Group has current assets exceeding current liabilities by \$791,821, and cash and cash equivalents of \$1,033,961.
- For the half year period, the Group achieved net operating cash inflows of \$469,395.
- The Group faced a tougher than expected supply chain and production environment during the year ended 30 June 2023 which delayed the Group's ability to generate sales revenue. These difficulties have been overcome with mass production achieved and the delivery of over 21,000 devices to our customers during the 31 December 2023 half year period (generating \$2,410,035 in revenue).
- The Group launched a capital raise through an entitlement offer to shareholders in May 2023. The capital raise completed on 2 September 2023 with a total of \$1,108,000 raised.
- The Group can undertake fund raisings to secure additional sources of funds where required, including launching additional capital raises.
- If required, the Group can flex discretionary spend or rephase the timing of certain product manufacturing cash outflows.

Management has prepared cash forecasts for the next 12 months that support the ability of the Group to continue as a going concern. Sufficient cash reserves are forecast to be maintained throughout the forecast period. These cash reserves are reliant on the Group generating revenues and maintaining expenditures in line with the forecast as well as obtaining additional funding from investors (which is yet to be secured at the date of this report). The Group acknowledges there is inherent uncertainty in any forecast and in raising additional capital and therefore, these circumstances give rise to a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Management believes that the range of actions available (as disclosed above) means that the uncertainty can be managed. However, in the event the Group does not achieve its forecast results, it may not be able to continue its operations as a going concern and therefore, may not be able to realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in this Condensed Consolidated Interim Financial Report.

A3 SIGNIFICANT ACCOUNTING POLICIES

(A) Significant accounting estimates and judgements

In preparing the Condensed Consolidated Interim Financial Report, the Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets and liabilities, revenue and expenses.

The significant judgements made by the Directors in applying the Group's accounting policies and key sources of estimation uncertainty are the same as those described in the Group's Consolidated Financial Report for the year ended 30 June 2023. The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions, and other factors that are believed to be reasonable under the circumstances, and are reviewed on a regular basis. Actual results may differ from these estimates.

(B) New and amended standards adopted by the Group

The accounting policies applied in these Condensed Consolidated Interim Financial Statements are the same as those applied in the Group's Consolidated Financial Statements for the year ended 30 June 2023. A number of new standards are effective from 1 July 2023 but these do not have a material effect on the Group's Financial Statements.

Certain new accounting standards and amendments to standards have been published that are not mandatory for reporting periods commencing 1 July 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods.

B PERFORMANCE FOR THE PERIOD

B1 SEGMENT INFORMATION

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports that are reviewed and used by the Chief Operating Decision Maker (CODM). The Board and executive management, identified as the CODM, assess the performance of the Group and determine the allocation of resources.

The Group's operating segments have been determined with reference to the monthly management accounts used by the CODM to make decisions regarding the Group's operations and allocation of working capital.

Based on the quantitative thresholds included in AASB 8 *Operating Segments*, there is only one reportable segment, being development and manufacturing and one geographical segment, namely Australia.

The revenues and results of this segment are those of the Group as a whole and are set out in the Condensed Consolidated Statement of Comprehensive Income. The assets and liabilities of the Group as a whole are set out in the Condensed Consolidated Statement of Financial Position.

B2 REVENUE

For the half-year ended 31 December 2023, the Group recognised revenue through the sale and delivery of finished goods and from the provision of support services. The disaggregation of the Group's revenue from contracts with customers is set out below.

	31 Dec 2023 \$	31 Dec 2022 \$
At a point in time		
Revenue from sale of finished goods and related freight	2,361,440	104,590
Revenue from support services	48,595	-
Total revenue	2,410,035	104,590

B3 OTHER INCOME

Other income consists of income unrelated to the Group's ordinary activities.

	31 Dec 2023 \$	31 Dec 2022 \$
Other income from project, tooling and marketing contributions	15,921	78,805
Total other income	15,921	78,805

B4 LOSS PER SHARE

Loss per share presents the amount of loss generated for the reporting period attributable to shareholders divided by the weighted average number of shares on issue. The potential for any performance shares, performance rights or options issued by the Group to dilute existing shareholders' ownership when those instruments are exercised are also presented.

	31 Dec 2023 \$	31 Dec 2022 \$
Loss for the period	(2,225,040)	(3,247,131)

	31 Dec 2023 shares	31 Dec 2022 shares
Weighted average number of shares used as denominator in calculating both basic and diluted loss per share	116,330,177	79,166,591

	31 Dec 2023 cents	31 Dec 2022 cents
Basic and diluted loss per share	(1.9)	(4.1)

Diluted loss per share adjusts the basic loss per share for the effects of any instruments that could potentially be converted into ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share. As the Group is loss making, there is no dilutive effect of the potential ordinary shares.

B5 OTHER NET GAINS

	31 Dec 2023 \$	31 Dec 2022 \$
Gain on unrealised and realised foreign exchange	82,580	30,042
(Loss) on AASB 16 <i>Leases</i> event	-	(457)
Total other net gains	82,580	29,585

B6 DEPRECIATION AND AMORTISATION

	31 Dec 2023 \$	31 Dec 2022 \$
Depreciation on property, plant and equipment	(74,218)	(100,326)
Depreciation on right-of-use assets	(40,760)	(42,779)
Amortisation on intangible assets	(993,872)	(1,284,599)
Total depreciation and amortisation	(1,108,850)	(1,427,704)

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C ASSETS AND LIABILITIES

C1 TRADE AND OTHER RECEIVABLES

	31 Dec 2023 \$	30 Jun 2023 \$
Trade receivables	279,860	268,797
Research and development tax incentive receivable	-	744,314
Total trade and other receivables	279,860	1,013,111

(A) Allowance for expected credit losses

As at 31 December 2023, an allowance for expected credit loss of \$1,980 has been recognised against trade receivables (30 June 2023: nil).

C2 INVENTORIES

	31 Dec 2023 \$	30 Jun 2023 \$
Finished goods	486,713	61,820
Components	95,174	111,943
Total inventories	581,887	173,763

(A) Provision for inventory obsolescence

As at 31 December 2023, there were no inventory items which required a provision for inventory obsolescence (30 June 2023: nil).

C3 OTHER ASSETS

	31 Dec 2023 \$	30 Jun 2023 \$
Prepayments	146,941	242,156
Deposits paid on products in production	68,205	357,731
Other deposits	19,430	85,436
Total other assets	234,576	685,323

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C4 PROPERTY, PLANT AND EQUIPMENT

The net book amounts and movements in property, plant and equipment are set out below.

	Plant and equipment \$	Computer equipment \$	Furniture and fittings \$	Leasehold improvements \$	Total \$
At 1 July 2023					
Cost	632,575	58,344	70,968	75,414	837,301
Accumulated depreciation	(468,230)	(35,286)	(20,720)	(3,281)	(527,517)
Net book amount	164,345	23,058	50,248	72,133	309,784
Movement:					
Additions	37,089	2,700	-	-	39,789
Depreciation	(62,902)	(5,707)	(4,668)	(942)	(74,218)
Closing net book amount	138,532	20,051	45,580	71,191	275,354
At 31 December 2023					
Cost	669,664	61,044	70,968	75,414	877,090
Accumulated depreciation	(531,132)	(40,993)	(25,388)	(4,223)	(601,736)
Net book amount	138,532	20,051	45,580	71,191	275,354

C5 INTANGIBLE ASSETS

The net book amounts and movements in intangible assets are set out below.

	Capitalised development \$	Sales channels \$	Patents and trademarks \$	Other intangibles \$	Total \$
At 1 July 2023					
Cost	4,457,093	2,908,770	44,445	7,995	7,418,303
Accumulated amortisation and impairment	(2,649,386)	(2,473,119)	(3,859)	-	(5,126,364)
Net book amount	1,807,707	435,651	40,586	7,995	2,291,939
Movement:					
Additions	42,064	-	-	-	42,064
Amortisation	(556,758)	(435,651)	(1,462)	-	(993,871)
Closing net book amount	1,293,013	-	39,124	7,995	1,340,132
At 31 December 2023					
Cost	4,499,157	2,908,770	44,445	7,995	7,460,367
Accumulated amortisation and impairment	(3,206,144)	(2,908,770)	(5,321)	-	(6,120,235)
Net book amount	1,293,013	-	39,124	7,995	1,340,132

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C6 RIGHT-OF-USE ASSETS

The net book amounts and movements in right-of-use assets are set out below.

	Leased properties \$
At 1 July 2023	
Cost	431,200
Accumulated depreciation	(201,301)
Net book amount	229,899
Movement:	
Depreciation	(40,760)
Closing net book amount	189,139
At 31 December 2023	
Cost	431,200
Accumulated depreciation	(242,061)
Net book amount	189,139

C7 TRADE AND OTHER PAYABLES

	31 Dec 2023 \$	30 Jun 2023 \$
Trade and other payables	(889,160)	(291,960)
Payroll and statutory liabilities	(131,446)	(118,720)
Accrued expenses	(24,247)	(84,152)
Total trade and other payables	(1,044,853)	(494,832)

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D CAPITAL STRUCTURE, FINANCING AND FINANCIAL RISK MANAGEMENT

D1 CONTRIBUTED EQUITY

	31 Dec 2023		30 Jun 2023	
	Shares	\$	Shares	\$
Issued ordinary shares	120,397,392	51,926,018	111,494,890	51,352,650
Unissued ordinary shares	1,658,337	104,225	-	-
Total contributed equity	122,055,729	52,030,243	111,494,890	51,352,650

A reconciliation of the movement in ordinary shares is set out below.

	2023		2022	
	Shares	\$	Shares	\$
Issued ordinary shares at 1 July	111,494,890	51,352,650	65,328,341	48,712,769
Movement:				
Shares issued as part of capital raising	5,000,000	200,000	14,812,500	1,185,000
Shares issued to related parties for services	-	-	4,375,000	350,000
Transaction costs related to shares issued	-	(18,247)	-	(124,331)
Shares issued to suppliers for payment of goods and/or services	305,000	11,090	828,729	60,000
Employee share-based payments	-	-	800,000	53,600
Director shares held in escrow for Director fees	2,687,500	107,500	1,875,000	150,000
Unlisted options converted to shares	910,002	1,365	450,001	675
Transfer value of options exercised from reserves	-	271,660	-	134,337
Issued ordinary shares at 31 December	120,397,392	51,926,018	88,469,571	50,522,050
Unissued ordinary shares at 1 July	-	-	-	-
Movement:				
Shares to be issued in relation to satisfaction of performance right conditions	1,658,337	104,225	-	-
Unissued ordinary shares at 31 December	1,658,337	104,225	-	-
Total contributed equity	122,055,729	52,030,243	88,469,571	50,522,050

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D1 CONTRIBUTED EQUITY (continued)

During the half-year period, there were a number of movements in ordinary shares as outlined below:

- In May 2023, the Company launched a capital raise through an entitlement offer to eligible shareholders of 1 new ordinary share for every 2 shares held at an issue price of \$0.04. The offer had a shortfall facility which allowed any shortfall from the entitlement offer to be placed to new and existing investors. Between 1 July 2023 and 31 December 2023, 5,305,000 shares were issued to investors under the offer.
- 910,002 shares were converted through the exercise of options, raising \$1,365 in cash.
- The shareholders of the Company provided approval to grant all Non-Executive Directors 1,343,750 shares each (total of 2,687,500 shares) in lieu of cash payments for Directors' fees for the 12 month period to 31 July 2024. These shares will be held in escrow until 31 July 2024.
- 1,658,337 Tranche 2 performance rights held by employees and a Director met the required performance criteria (i.e. number of paired devices to the Zimi Cloud exceeded 37,500) for conversion to ordinary shares. These shares were unissued as at 31 December 2023, however, were subsequently issued to holders on 17 January 2024.

D2 OTHER RESERVES

	31 Dec 2023 \$	30 Jun 2023 \$
Share-based payments reserve	287,593	908,038
Total other reserves	287,593	908,038

The share-based payments reserve is used to recognise the fair value of equity-settled share-based payments issued to eligible participants as part of their remuneration, or to advisors in respect of transaction costs. Further detail on the share-based payments reserve is in note F1.

D3 FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair values are unchanged compared to the previous reporting period.

The carrying amounts of financial assets and liabilities are considered to be a reasonable approximation of their fair value.

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E GROUP STRUCTURE

E1 INVESTMENTS IN CONTROLLED ENTITIES

The Condensed Consolidated Interim Financial Statements incorporate the assets, liabilities and results of the parent entity, Zimi Limited and the following subsidiaries.

	Country of incorporation	Class of shares	Equity holding	
			31 Dec 2023 %	30 Jun 2023 %
Zimi Technology Pty Ltd	Australia	Ordinary	100	100
Zimi Innovations Pty Ltd	Australia	Ordinary	100	100

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F OTHER INFORMATION

F1 SHARE-BASED PAYMENTS

(A) Share-based payments reserve in the Condensed Consolidated Statement of Financial Position

	31 Dec 2023 \$	30 Jun 2023 \$
Options reserve	82,871	695,680
Director performance shares reserve	-	64,136
Director performance rights reserve	86,205	61,802
Employee performance rights reserve	118,517	86,420
Total share-based payments reserve	287,593	908,038

	Options reserve \$	Director performance shares/rights reserve \$	Employee performance rights reserve \$	Total share-based payments reserve \$
Balance at 1 July 2023	695,680	125,938	86,420	908,038
Movement:				
Options exercised and converted to ordinary shares	(271,660)	-	-	(271,660)
Performance rights converted to ordinary shares	-	(41,875)	(62,350)	(104,225)
Share-based payments expense through the P&L	-	66,278	94,447	160,725
Share-based payments forfeited/expired transferred to accumulated losses	(341,149)	-	-	(341,149)
Share-based payments forfeited/expired revised through the P&L	-	(64,136)	-	(64,136)
Balance at 31 December 2023	82,871	86,205	118,517	287,593

(B) Convertible securities movement reconciliation

	31 Dec 2023 number	30 Jun 2023 number
Options	49,366,111	56,571,140
Director performance shares	-	320,003
Director performance rights ¹	1,875,000	2,500,000
Employee performance rights ¹	3,100,000	1,600,004
Total convertible securities	54,341,111	60,991,147

¹These figures exclude Tranche 2 Director and employee performance rights due to satisfaction of vesting criteria as at 31 December 2023 and have instead been recognised as unissued ordinary shares in this report.

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F1 SHARE-BASED PAYMENTS (continued)

(B) Convertible securities movement reconciliation (continued)

	Number of convertible securities				Total convertible securities
	Options	Director performance shares	Director performance rights	Employee performance rights	
Balance at 1 July 2023	56,571,140	320,003	2,500,000	1,600,004	60,991,147
Movement:					
Performance shares/rights forfeited	-	(320,003)	-	(66,667)	(386,670)
Options exercised and converted to ordinary shares	(910,002)	-	-	-	(910,002)
Performance rights issued	-	-	-	2,600,000	2,600,000
Free attaching options issued in relation to capital raise (C)(ii)	5,305,000	-	-	-	5,305,000
Expired and cancelled	(11,600,027)	-	-	-	(11,600,027)
Tranche 2 performance rights to be converted to ordinary shares due to satisfaction of vesting criteria	-	-	(625,000)	(1,033,337)	(1,658,337)
Balance at 31 December 2023	49,336,111	-	1,875,000	3,100,000	54,341,111

(C) Options

(i) Lead manager unlisted options

In association with historical capital raises, Zimi previously granted lead manager unlisted options to advisors in respect of brokerage services rendered. Options granted to advisors for capital raising services have been valued and recognised as an associated cost to issued capital. A number of options expired and were subsequently cancelled. Balances associated with these cancellations were transferred to accumulated losses. No new options were granted during the half year ended 31 December 2023.

Set out in the table below is a reconciliation of lead manager unlisted options.

	31 Dec 2023	
	Number	\$
Balance at 1 July 2023	6,435,700	695,680
Movement:		
Options exercised and converted into ordinary shares	(910,002)	(271,660)
Options expired and cancelled	(3,044,448)	(341,149)
Balance at 31 December 2023	2,481,250	82,871

The balance of 2,481,250 lead manager unlisted options are all exercisable at period end.

(ii) Free attaching options

As part of the capital raise conducted in the interim period, for every one share issued, one free-attaching placement option was also issued (i.e. total of 5,305,000 free-attaching options issued in the half year period). These free-attaching options are not valued and there not recognised in the share-based payments reserve. These placement options are exercisable at \$0.08 and expire 3 years from the date of issue.

F1 SHARE-BASED PAYMENTS (continued)

(D) Director performance rights

During the year ended 30 June 2023, the Company issued 2,500,000 performance rights to Jordan Tentori (Executive Director and CEO) upon approval from shareholders. The grant date of the performance rights was 28 November 2022. The performance rights do not have an exercise price. The performance rights had three separate vesting conditions, as set out below.

- Tranche one – 1,250,000: Vest if the employee or contractor is continuously employed or contracted by the Company or a subsidiary until 30 June 2024.
- Tranche two – 625,000: Vest if paired devices with the Zimi Cloud exceeds 37,500 by 30 June 2024.
- Tranche three – 625,000: Vest if paired devices with the Zimi Cloud exceeds 75,000 by 30 June 2024.

The fair value of the performance rights has been determined based on the Company's share price at the date of grant, being \$0.067. The total value of these rights of \$167,500 is being brought to account over the relevant performance period.

These performance conditions are consistent with those associated with the existing performance rights issued to employees. During the half year period, Tranche 2 vesting conditions were met and the performance rights became eligible for conversion into ordinary shares. 625,000 ordinary shares were subsequently issued to Jordan Tentori on 17 January 2024. The balance of 1,875,000 Director performance rights remain unvested at the end of the half year.

Set out in the table below is a reconciliation of Director performance rights.

	Number (rights)	\$
Balance at 1 July 2023	2,500,000	61,802
Movement:		
Share-based payments expense through the P&L	-	66,278
Tranche 2 performance rights to be converted to ordinary shares due to satisfaction of vesting criteria	(625,000)	(41,875)
Balance at 31 December 2023	1,875,000	86,205

(E) Employee performance rights

During the interim period ended 31 December 2023, the Company issued 2,600,000 performance rights to employees under the Employee Securities Incentive Program. Of these 2,600,000 performance rights, 400,000 were issued to a member of key management personnel (Chief Financial Officer, Rachel Tuck).

The grant date of the performance rights was 28 August 2023. The performance rights do not have an exercise price. The performance rights had three separate vesting conditions, as set out below.

- Tranche one – 1,300,000: Will vest if the employee or contractor is continuously employed or contracted by the Company or a subsidiary until 30 June 2024.
- Tranche two – 650,000: Will vest if paired devices with the Zimi Cloud exceeds 37,500 by 30 June 2024.
- Tranche three – 650,000: Will vest if paired devices with the Zimi Cloud exceeds 75,000 by 30 June 2024.

These performance conditions are consistent with those associated with the existing performance rights previously issued to employees in May 2022 and December 2022 and to Jordan Tentori in November 2022.

The fair value of the performance rights has been determined based on the Company's share price at the date of grant, being \$0.032. The total value of these rights of \$83,200 is being brought to account over the relevant performance period.

F1 SHARE-BASED PAYMENTS (continued)

(E) Employee performance rights (continued)

During the half year period, Tranche 2 vesting conditions were met and the performance rights became eligible for conversion into ordinary shares. 1,033,337 ordinary shares were subsequently issued to various employees on 17 January 2024. The balance of 3,100,000 employee performance rights are all unvested at the end of the half year.

Set out in the table below is a reconciliation of employee performance rights.

	Number	\$
Balance at 1 July 2023	1,600,004	86,420
Movement:		
Employee performance rights issued	2,600,000	33,876
Forfeiture of performance rights upon departure of employee	(66,667)	(4,793)
Share-based payments expense through the P&L	-	65,363
Tranche 2 performance rights to be converted to ordinary shares due to satisfaction of vesting criteria	(1,033,337)	(62,350)
Balance at 31 December 2023	3,100,000	118,516

F2 RELATED PARTY DISCLOSURES

(A) Parent entity and subsidiaries

The ultimate holding entity is Zimi Limited. Information about the Group's structure, including details of the controlled entities and holding company are set out in note E1.

(B) Key management personnel remuneration

During the period, the following changes in Key Management Personnel have occurred:

- Peter Rossteutscher resigned and ceased to be a Non-Executive Director on 7 August 2023.

During the half-year period, shareholder approval was obtained to grant 2,687,500 shares to the Company's two remaining Non-Executive Directors (i.e. 1,343,750 shares each) in lieu of cash payments for Directors' fees covering the twelve month period of service to 31 July 2024. These shares were issued at a deemed issue price of \$0.04 and are to be held in escrow until 31 July 2024.

Other than the above, there have been no significant changes in the nature of transactions relating to KMP remuneration since the end of the last annual period. Therefore, further disclosures are not necessary for an understanding in relation to the interim period.

(C) Related party transactions

As noted in the Annual Report for the year ended 30 June 2023 (note F2), the Group disclosed transactions with GSM Electrical (Australia) Pty Ltd (**GSM Electrical or TRADER**) and GSM Retail Australia Pty Ltd (**GSM Retail**). These entities are related parties of KMP Simon Gerard. The nature of the transactions are predominantly for sales of product, purchase of product, quality assurance services, logistics services, management of international manufacturing and engineering resources. The relationships remained and transactions continued throughout the half-year period.

The Group also transacts with Bell Total Logistics Pty Ltd (**Bell Total Logistics**), an entity related to KMP Simon Gerard. These transactions were for logistics services and importation of product. The majority of the transactions relate to Goods and Services Tax on importation of goods, which is recoverable from the Australian Tax Office (ATO). There is no separate formal agreement in place with Bell Total Logistics and the Group engages their logistic services on a case-by-case basis.

F2 RELATED PARTY DISCLOSURES (continued)

(C) Related party transactions (continued)

During the year ended 30 June 2023, the Group engaged Harness Investment Partners (**Harness Investment Partners**), an entity related to KMP Simon Beissel, for consulting services. There was a separate formal agreement in place under which the services were provided. These services ended on 31 March 2023 in accordance with the terms of the agreement. Final amounts due (i.e. \$33,000) for the services were settled in cash during the half year ended 31 December 2023.

The goods and services received or provided were on commercial arms-length terms.

Excluding KMP remuneration, the following table provides details of all remaining related party transactions during the half-year ended 31 December 2023, and balances as at 31 December 2023.

	Settled during 1 Jul 2023 to 31 Dec 2023		Outstanding as at 31 Dec 2023		Total transactions during the period 1 Jul 2023 to 31 Dec 2023 \$
	Cash settled ³ \$	Equity settled ¹ \$	Accounts receivable \$	Accounts payable or accrued \$	
Transactions with GSM Electrical/TRADER					
Sales of finished goods (inclusive of GST) ²	2,170,523	-	96,690	-	2,267,213
Project contribution (inclusive of GST)	8,950	-	-	-	8,950
Personnel, engineering project costs and warehousing services (inclusive of GST) ²	-	(81,032)	-	(48,032)	(129,064)
Net total with GSM Electrical/TRADER	2,179,473	(81,032)	96,690	(48,032)	2,147,099
Transactions with GSM Retail					
Purchases of finished goods which are to be remitted to 3rd-party manufacturers (no GST)	(909,930)	-	-	(791,609)	(1,701,539)
Quality assurance services (no GST)	-	(67,377)	-	(51,901)	(119,278)
Net total with GSM Retail	(909,930)	(67,377)	-	(843,510)	(1,820,817)
Transactions with Bell Total Logistics					
Freight and import duties (inclusive of GST)	(71,194)	-	-	(789)	(71,983)
GST on importation which is recoverable from the ATO	(241,575)	-	-	-	(241,575)
Net total with Bell Total Logistics	(312,769)	-	-	(789)	(313,558)
Transactions with Harness Investment Partners					
Consulting services (inclusive of GST)	(33,000)	-	-	-	(33,000)
Net total with Harness Investment Partners	(33,000)	-	-	-	(33,000)
Total related party transactions	923,774	(148,409)	96,690	(892,331)	(20,276)

¹ As set out in the 30 June 2023 annual report, shareholders previously approved the issuance of \$350,000 shares in exchange for services. The amount remaining to be utilised is \$4,066.

² Sales of finished goods, sales returns and warehousing services pursuant to the Distribution Agreement.

³ Includes settlement of amounts payable or accrued as at 30 June 2023. Refer to the 30 June 2023 Annual Report for further information.

F2 RELATED PARTY DISCLOSURES (continued)

(D) Related party commitments

The following table provides the total amount of commitments with related parties.

The amounts disclosed include commitments to do something if a particular event occurs (or does not occur) in the future. The amounts disclosed relate to transactions in which neither party has performed any of their obligations, and as such, there are no associated amounts owed by or to either party.

	31 Dec 2023 \$	31 Dec 2022 \$
Commitments with GSM Electrical/TRADER		
Sales of finished goods (inclusive of GST)	507,373	1,029,006
Net total with GSM Electrical/TRADER	507,373	1,029,006
Commitments with GSM Retail		
Purchases of finished goods to be remitted to 3rd party manufacturer (no GST)	(1,406,133)	(2,975,011)
Quality assurance services (no GST)	(77,337)	(163,626)
Net total with GSM Retail	(1,483,470)	(3,138,637)
Total related party commitments	(976,097)	(2,109,631)

(E) Related party loans

As at 31 December 2023, there were no loans outstanding to related parties (30 June 2023: nil).

F3 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 17 January 2024, 1,658,337 ordinary shares were issued to employees and a Director upon the conversion of performance rights as the required performance condition had been satisfied (i.e. number of paired devices with the Zimi Cloud exceeded 37,500) prior to balance date.

Other than the above, there have not been any matters or circumstances that have arisen after balance date that have significantly affected or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

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DIRECTORS' DECLARATION

In the opinion of the Directors of Zimi Limited (the Company):

- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) the Condensed Consolidated Interim Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Jordan Tentori
Executive Director and CEO

23 February 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Zimi Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Zimi Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Zimi Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note A2 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
23 February 2024



L Di Giallonardo
Partner



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